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LATIN AMERICA: Russia ties offer limited advantages

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Abstract

Russia/Latin America relations.

Russian President Vladimir Putin's July 11-16 visit to four Latin American countries was organised prior to Russia's annexation of Crimea and the broader conflict with Ukraine, and the subsequent imposition of US and EU sanctions. Nevertheless, the trip was widely viewed as an effort by Putin to push back against the West, and reach out to a region that has had long-standing ties with Russia and, previously, the Soviet Union.

Full Text

SUBJECT:Russia/Latin America relations.

SIGNIFICANCE:Russian President Vladimir Putin's July 11-16 visit to four Latin American countries was organised prior to Russia's annexation of Crimea and the broader conflict with Ukraine, and the subsequent imposition of US and EU sanctions. Nevertheless, the trip was widely viewed as an effort by Putin to push back against the West, and reach out to a region that has had long-standing ties with Russia and, previously, the Soviet Union.

ANALYSIS: Impacts.

General disengagement by the United States in the region has created more space for deepening relations with

Russia.

It is hoped that Russia-Cuba initiatives will 'relaunch' a strategic partnership between the two countries.

Latin America will remain cautious over Russian ties, especially given limitations on what Russia can offer in trade and investment.

Putin's tour came at a time when both Russia and the countries he visited -- Cuba, Nicaragua, Argentina and Brazil -- were seeking diplomatic support. Russia faces sizeable opposition from the West for its intervention in Ukraine.

Thus, Moscow is keen to deepen its ties with other regions and in Latin America several countries have given their support to Russia (see LATIN AMERICA: Russia may seek to boost bilateral ties - April 22, 2014):

Cuba and Nicaragua were two of only eleven countries that voted against the UN resolution condemning Russia's annexation of Crimea in March.

Argentine President Cristina Fernandez de Kirchner called for a "world without double standards", referring to the West's condemnation of Russia's action in Crimea, but its support for the continued UK presence in the Falkland/Malvinas Islands.

Meanwhile, the four Latin American countries have been buffeted by events which make them more open to Russian overtures. Cuba's economic reform programme is still only making slow progress, while the strong financial support from Venezuela is looking vulnerable as a result of the weakness of President Nicolas Maduro.

In Argentina, the impact of the recent debt default means foreign investment is increasingly limited, while in Brazil relations with the United States have been damaged by the wiretapping scandal involving President Dilma Rousseff (see BRAZIL: Foreign policy targets BRICS, global South - August 13, 2014).

Agreements reached.

A range of agreements were signed during Putin's regional tour.

Cuba.

There was confirmation that Russia had written off 32.0 billion dollars of Cuba's Soviet-era debt; Cuba is required to pay back the remaining 3.2 billion dollars over the next decade. Putin highlighted that this "once again demonstrates the great, palpable generosity of the Russian people towards Cuba".

Ten bilateral economic and commercial agreements were signed in areas including health and energy; Rosneft has agreed deals on the oil industry and offshore oil exploration. In addition, there was talk of creating a new transport hub via a reconstructed sea port at Mariel and a new international airport, although reports that Russia's Lourdes intelligence listening base may be reopened have been strenuously denied.

Nicaragua.

Discussions between Putin (the first Russian president to visit the country) and President Daniel Ortega focused on the delivery of agricultural machinery, wheat imports, arms transfers, construction of a new Russian Navy facility and the possible placement of GLONASS high-altitude satellite navigation systems on Nicaraguan territory.

There were also claims that talks had been held over a Russian role in building Nicaragua's planned inter-oceanic canal -- perhaps providing military protection for the project -- although this was downplayed by both sides. Notwithstanding, a short-term deal was signed to allow Russian military ships to patrol Nicaraguan

territorial waters and to use its sea ports, and for Russian long-distance bombers to land in Managua.

Argentina.

There were agreements on nuclear energy cooperation (building nuclear power stations and research and generation of isotopes for industry and medical needs) and assistance in constructing new hydro-power plants; treaties on mutual legal assistance, transfer of prisoners and extradition; and discussions over GLONASS. A deal was also signed to expand cooperation between their respective news agencies and to allow RT Spanish to be broadcast.

Putin said Argentina was one of Russia's top partners in Latin America: "Our countries have similar positions on key international problems, and together they defend the principles of a multi-polar world, equal rights, mutual respect, and the indivisibility of security."

Brazil .

Putin and Rousseff discussed industrial cooperation and, according to some reports, arms sales -- specifically the possibility of a 1 billion dollar anti-aircraft missile system -- and a deal was signed to cooperate on the construction of a nuclear power plant and spent fuel storage facility.

Step-change in relations?.

Latin America-Russia relations present a complicated picture in which rhetoric and reality require separation. However, the implications of Putin's visit are more mixed than they would appear at first glance:

Diplomatically, the trip was important, highlighting Russia's reach beyond Europe into the US 'backyard', and its efforts to win new friends and rebuild old alliances. It also illustrated that Russia had some support for its policy vis-a-vis Ukraine. However, Latin America has long defended the principle of non-intervention and there is reluctance to back Russia too whole-heartedly.

Strategically, agreements were signed that will strengthen links and increase Russia's limited influence in the region. Arms sales and energy cooperation are key planks in the relationship. In addition, opportunities have subsequently increased for Latin American countries -- notably Brazil and Argentina -- to supply agricultural products to Russia since US/EU sanctions were imposed.

However, Russia's involvement is starting from a low base, particularly in trade and investment; for Latin America, relations with China, the United States and EU will remain much more important. Further, with the possible exception of Nicaragua, the region is cautious of allying itself too closely with Russia. Even Cuba is taking a careful approach, having been over-reliant on the Soviet Union in the past.

Banking on BRICS.

For Putin, the most important part of his visit was the BRICS summit in Fortaleza on July 15. At this meeting, the countries signed an agreement to create the BRICS Development Bank with a starting capital of 50 billion dollars, and the 100 billion dollar Contingent Reserve Arrangement (CRA) to help members in financial difficulties. It was suggested that these institutions would be more sympathetic to developing countries than either the IMF or World Bank (see INTERNATIONAL: BRICS bank begins to take shape - July 11, 2014).

The deals between the BRICS are potentially important and Putin spoke about raising the group's profile, improving political cooperation and using it to counterbalance US influence. However, the Development Bank and the CRA have limited capacity, the lending conditions of the CRA have yet to be established and the BRICS more generally do not have much in common across the five member states.

CONCLUSION: The visit gained substantial attention and the rhetoric on both sides was positive, especially

from Russia. However, there are limits to what can be achieved and Russia will remain a relatively minor player in the region for some time to come.

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